

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 57750

COLVILLE SCHOOL DISTRICT NO. 115

Stevens County, Washington

September 1, 1994 Through August 31, 1995

Issue Date: September 27, 1996

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COLVILLE SCHOOL DISTRICT No. 115
Stevens County, Washington
September 1, 1994 Through August 31, 1995

**Independent Auditor's Report On Compliance With Laws And Regulations
At The Financial Statement Level (Plus Additional State Compliance
Requirements Per RCW 43.09.260)**

Board of Directors
Colville School District No. 115
Colville, Washington

We have audited the general-purpose financial statements, as listed in the table of contents, of Colville School District No. 115, Stevens County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated August 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Colville School District No. 115 is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the district's compliance with certain provisions of laws, regulations, contracts, and grants.

We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the district complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the district's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the district and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

We noted matters involving noncompliance with laws and regulations related to federal financial assistance which were reported to the district's management in our reports on general requirements and specific compliance for nonmajor program transactions, and in the Schedule of Federal Findings and Schedule of Questioned Costs.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

August 23, 1996

COLVILLE SCHOOL DISTRICT No. 115
Stevens County, Washington
September 1, 1994 Through August 31, 1995

Independent Auditor's Report On Internal Control Structure
At The Financial Statement Level

Board of Directors
Colville School District No. 115
Colville, Washington

We have audited the general-purpose financial statements of Colville School District No. 115, Stevens County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated August 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the district is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the district, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters involving the internal control structure and its operation that we consider to be reportable conditions are included in the Schedule of Federal Findings accompanying this report.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described in the Schedule of Federal Findings is a material weakness.

We noted matters involving compliance with laws and regulations related to federal financial assistance which were reported to the district's management in our reports on general requirements and specific compliance for nonmajor program transactions, and the Schedule of Federal Findings and Schedule of Questioned Costs.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

August 23, 1996

COLVILLE SCHOOL DISTRICT No. 115
Stevens County, Washington
September 1, 1994 Through August 31, 1995

Independent Auditor's Report On Financial Statements

Board of Directors
Colville School District No. 115
Colville, Washington

We have audited the accompanying general-purpose financial statements of Colville School District No. 115, Stevens County, Washington, as of and for the fiscal year ended August 31, 1995. These financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include the general fixed asset account group, which should be included in order to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Colville School District No. 115 as of August 31, 1995, and the results of operations and cash flows of its nonexpendable trust funds for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 1996, on our consideration of the district's internal control structure and a report dated August 23, 1996, on its compliance with laws and regulations.

Brian Sonntag
State Auditor

August 23, 1996

COLVILLE SCHOOL DISTRICT No. 115
Stevens County, Washington
September 1, 1994 Through August 31, 1995

Independent Auditor's Report On Supplementary Information
Schedule Of Federal Financial Assistance

Board of Directors
Colville School District No. 115
Colville, Washington

We have audited the general-purpose financial statements of Colville School District No. 115, Stevens County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated August 23, 1996. These financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of Colville School District No. 115 taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Brian Sonntag
State Auditor

August 23, 1996

COLVILLE SCHOOL DISTRICT No. 115
Stevens County, Washington
September 1, 1994 Through August 31, 1995

**Independent Auditor's Report On Compliance With The General Requirements
Applicable To Federal Financial Assistance Programs**

Board of Directors
Colville School District No. 115
Colville, Washington

We have audited the general-purpose financial statements of Colville School District No. 115, Stevens County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated August 23, 1996.

We have applied procedures to test the district's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the fiscal year ended August 31, 1995:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act
- Administrative requirements, including subrecipient monitoring

The following requirements were determined to be not applicable to its federal financial assistance programs:

- Davis-Bacon Act
- Relocation assistance and real property acquisition

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's (OMB) *Compliance Supplement for Single Audits of State and Local Governments* or alternative procedures. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the district's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow general requirements that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the program. The results of our tests of compliance disclosed material instances of noncompliance that are described in the accompanying Schedule of Federal Findings and Schedule of Questioned Costs.

We considered the material instances of noncompliance in forming our opinion on whether the financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated August 23, 1996, on those financial statements.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, Colville School District No. 115 complied, in all material respects, with the requirements referred to in the second paragraph of this report, and with respect to items not tested, nothing came to our attention that caused us to believe the district had not complied, in all material respects, with those requirements. The results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Federal Findings and Schedule of Questioned Costs.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

August 23, 1996

COLVILLE SCHOOL DISTRICT No. 115
Stevens County, Washington
September 1, 1994 Through August 31, 1995

Independent Auditor's Report On Compliance With Specific Requirements
Applicable To Nonmajor Federal Financial Assistance Program Transactions

Board of Directors
Colville School District No. 115
Colville, Washington

We have audited the general-purpose financial statements of Colville School District No. 115, Stevens County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated August 23, 1996.

In connection with our audit of the financial statements of the district and with our consideration of the district's internal control systems used to administer federal financial assistance programs, as required by OMB Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to nonmajor federal financial assistance programs for the fiscal year ended August 31, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing allowability of the program expenditures and the eligibility of the individuals or groups to whom the district provides federal financial assistance that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the district's compliance with these requirements. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the program. The results of our tests of compliance disclosed material instances of noncompliance that are described in the accompanying Schedule of Federal Findings and Schedule of Questioned Costs.

We considered these material instances of noncompliance in forming our opinion on whether the financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated August 23, 1996 on those financial statements.

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, Colville School District No. 115 complied, in all material respects, with the provisions referred to in the second paragraph of this report, and with respect to items not tested, nothing came to our attention that caused us to believe that the district had not complied, in all material respects, with those provisions. However, the results of our procedures also disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Federal Findings and Schedule of Questioned Costs.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

August 23, 1996

COLVILLE SCHOOL DISTRICT No. 115
Stevens County, Washington
September 1, 1994 Through August 31, 1995

**Independent Auditor's Report On Internal Control Structure Used In
Administering Federal Financial Assistance Programs**

Board of Directors
Colville School District No. 115
Colville, Washington

We have audited the general-purpose financial statements of Colville School District No. 115, Stevens County, Washington, as of and for the fiscal year ended August 31, 1995, and have issued our report thereon dated August 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit, we considered the district's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated August 23, 1996.

The management of the district is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition.
- Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.
- Federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of

changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- **Accounting Controls**
 - Receipts
 - Accounts payable/disbursements
 - Payroll
 - General ledger
- **General Requirements**
 - Political activity
 - Civil rights
 - Cash management
 - Federal financial reports
 - Allowable costs/cost principles
 - Drug-Free Workplace Act
 - Administrative requirements, including subrecipient monitoring
- **Specific Requirements**
 - Types of services
 - Eligibility
 - Matching, level of effort, earmarking
 - Reporting
 - Special requirements
- **Claims For Advances And Reimbursements**

For all of the applicable internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

The following internal control structure categories were determined to be insignificant to federal financial assistance programs:

- **Accounting Controls**
 - Receivables
 - Purchasing and receiving
 - Inventory control
 - Property, plant, and equipment
- **General Requirements**
 - Davis-Bacon Act
 - Relocation assistance and real property acquisition
- **Amounts Claimed Or Used For Matching**

During the fiscal year ended August 31, 1995, the district had no major federal financial assistance programs and expended 54 percent of its total federal financial assistance under the following nonmajor federal financial assistance programs: School Lunch (CFDA 10.555) and Chapter 1 (CFDA 84.010).

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to

preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structures policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the district's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

The matters involving the internal control structure and its operation that we consider to be reportable conditions are included in the Schedule of Federal Findings accompanying this report.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. However, we noted reportable conditions involving the internal control structure and its operation that we believe to be material weaknesses as described above. The conditions, which are identified in the Schedule of Federal Findings accompanying this report, were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the district's compliance with requirements applicable to its nonmajor federal financial assistance programs for the fiscal year ended August 31, 1995, and this report does not affect our report thereon dated August 23, 1996.

This report is intended for the information of management and the board of directors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag
State Auditor

August 23, 1996

COLVILLE SCHOOL DISTRICT No. 115
Stevens County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Federal Findings

1. The District Should Accurately Report Special Education Enrollment To The Superintendent Of Public Instruction

The district does not have an adequate internal control system to ensure that only eligible students are included on the Monthly Report of School District Special Education Enrollment (P-223H report) submitted to the Superintendent of Public Instruction (SPI). During our audit of the district's special education enrollment reporting system we found the district included ineligible students on the P-223H report. Our testing found that the district reported 6 ineligible students out of 73 students records tested. These ineligible students were included on the P-223H report which is used to allocate state apportionment money. This system of reporting special education students has not changed since 1986. In addition, the district has not retained adequate documentation to allow verification of all P-223H reports submitted from fiscal year 1990-91 through fiscal year 1994-95, as required by the Secretary of State's records retention policy.

We have projected the amount of overpayment the district has received from SPI by multiplying the percentage error rate of 8.2 percent (6/73) times the total amount of federal money received during fiscal year 1994-95. As a result, we question \$5,202 of federal special education money (CFDA 84.027). We did not question federal costs related to money received in the preceding fiscal years. This is a result of SPI's resolution of questioned costs at other school districts with this finding. However, the same condition existed in the preceding fiscal years at this district. Due to the apportionment formulas used by SPI we were unable to project accurately the overpayment of state special education funding the district received.

The *Washington Administrative Code* (WAC) 392-171 defines the criteria which must be met in order for a student to be included on the Form P-223H report.

Additionally the Superintendent of Public Instruction (SPI) Administrative and School Business Services Bulletin No. 36-94 Section V Part L., Documentation of Enrollment for Audit, states in part:

Enrollment reporting errors found in an audit generally require revised reports and adjustments to state apportionment . . .

By reporting ineligible students on the P-223H report the district has received excess state and federal funding for which they were not entitled. This has decreased the amount of funding available to districts which reported only eligible students.

The district's management did not properly review their special education enrollment reports to determine eligibility for SPI reports.

We recommend the district contact the federal Department of Education and SPI to determine the amount of repayment required. We further recommend that only eligible special education students be reported to SPI.

Auditee's Response

The district has taken immediate corrective action to ensure all files are complete. The district employees place the highest priority on services in special education students and in doing so, was behind in completing required paperwork. It appears that some staff interpreted that reassessments had to be done in a month and year, rather than a specific date (i.e. 3/95 versus 3/6/95)

2. Colville School District No. 115 Should Improve Controls Over Journal Entries

During our review of the district's internal control system over the preparation and approval of journal entries we found the following conditions:

- a. The district operates a blended classroom and has a cost allocation plan for this program approved by the Superintendent of Public Instruction (SPI). Time and effort documentation is maintained. At year end, a journal entry must be prepared to adjust the allocation to actual as determined by the time and effort records. This was not done. The Chapter I program (CFDA 84.010) was overcharged and the state handicapped program undercharged \$2,940. We are including \$2,940 on the Schedule of Questioned Costs.
- b. The district has a special services department with two clerical employees whose time is allocated between the state handicapped program, the state learning assistance program (LAP) and the Chapter I program. Time and effort documentation was maintained. At year end, a journal entry was not prepared to adjust the allocation to actual as determined by the district's time and effort records. This resulted in the Chapter I program (CFDA 84.010) absorbing \$25,728 of costs which were actually expenditures associated with the state handicapped program. Additionally, the LAP program absorbed \$12,473 of costs which were actually expenditures associated with the state handicapped program. We are including \$25,728 on the Schedule of Questioned Costs.
- c. There is no documentation to support of \$2,168 of expenditures entered in the journal of the federal deinstitutionalized special education program (CFDA 84.009). We are including \$2,168 on the Schedule of Questioned Costs.
- d. At year end the district incorrectly transferred \$28,603 of wages and benefits for teachers aides charged to the district special education program to the state learning assistance (LAP) program. There was no documentation, such as time and effort records, to support this transfer of expenditures. Because of this error, the result was the district failed the maintenance of effort requirement by \$11,746 for the LAP program. Thus, the district used Chapter I (CFDA 84.010) funds to supplant state funds. We are including \$11,746 on the Schedule of Questioned Costs.

The concept of internal control as defined in the *Budgeting, Accounting, Reporting System* (BARS) manual, based on criteria established by the U.S. General Accounting Office, states:

An internal control system consists of the plan of organization and methods and procedures adopted to ensure that resources use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss

and misuse; and that reliable data are obtained, maintained, and fairly disclosed in the reports.

The district has not established strong internal controls over the journal entry internal control system. This system weakness resulted in unallowable costs charged to federal programs. A lack of required supporting documentation coupled with a lack of management overview has resulted in these errors going undetected. This problem could also cause a loss of federal funding to support needed programs.

We recommend that the district establish controls to ensure the accuracy and integrity of journal entries. This includes, but is not limited to, the following:

- a. Ensure that journal entries are supported by sufficient documentation. A journal entry requires no less documentation than the original entry plus an explanation.
- b. Ensure that a management review is made of journal entries and is evidenced with a signature.
- c. Ensure that journal entries are prepared to account for time and effort in federal programs.

Auditee's Response

- a. *This item was a calculation error. The district concurs with the finding.*
- b. *This item was not correctly journal vouchered. The district concurs with the finding, but requests a review with OSPI.*
- c. *This item was a journal voucher mistake. The district concurs with the finding.*
- d. *This item is a state funds versus federal issue. The district concurs with the finding, but is unclear as to the relationship of state funds and Chapter 1 supplant.*

The district takes these findings seriously and has:

1. *Placed clearer controls on the internal operations.*
2. *Has required signed documentation with oversight for all journal vouchers.*
3. *Will retain in the district office all enrollment reports and student lists.*
4. *Will only count students with complete files.*

Colville School District did use the funds in question for students in need. The internal difficulties with proper time and effort logs, student documentation, and signed journal voucher oversight will be corrected.

Auditor's Concluding Remarks

We appreciate the district's timely response to our audit findings. It appears that the concerns noted in these findings are being adequately addressed. We will review the district's progress in these areas during our next regularly scheduled audit.

We again wish to thank the district's officials and personnel for their assistance and cooperation during our audit.

COLVILLE SCHOOL DISTRICT No. 115
Stevens County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Questioned Costs

Grantor	1995 Amount Questioned	Cross Reference
U.S. Department of Education CFDA 84.027	\$5,202	Federal Finding 1
U.S. Department of Education CFDA 84.010	\$2,940	Federal Finding 2
U.S. Department of Education CFDA 84.010	\$25,728	Federal Finding 2
U.S. Department of Education CFDA 84.010	\$11,746	Federal Finding 2
U.S. Department of Education CFDA 84.009	<u>\$ 2,168</u>	Federal Finding 2
Total Questioned Costs	<u><u>\$47,784</u></u>	